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What's in a name?

K&L Gates' **Briony Pollard** examines a recent case involving fashion brand Karen Millen.

A RECENT UK CASE involving fashion brand Karen Millen holds valuable lessons for designers and creatives establishing a business which use their own name as their fashion brand. The case also highlights matters that designers should consider when selling a business that uses their name as the brand and on how to retain the ability to use their name for future projects.

For a purchaser of a business, the goodwill and name associated with it are key assets of the business. For example, the value of a major luxury brand business being sold with its established name would be markedly different to that of the business without the name. Where that name

contained a number of restrictions relating to Ms. Millen's use of her own name, or any other confusingly similar name in connection with any similar or competing business, following the sale.

Ten years later, Ms. Millen applied to the UK High Court for a declaration that using her name, 'Karen Millen', in respect of homewares, and 'Karen' in respect of any goods or services would not be a breach of the 2004 purchase contract. Predictably, the party who purchased the Karen Millen business in 2004 sought an injunction to prevent her from using these names.

The Court did not make the declarations sought by Ms. Millen and held that, as a result of the 2004 contract, she was not entitled to use her own name in a new sector. Nor was she permitted to use the name 'Karen' in potentially competing sectors. The Court found that Ms. Millen's name had become linked to the goodwill of the business which was sold in 2004, such that when consumers saw the brand 'Karen Millen' they associated it with the Karen Millen business rather than the individual. The Court found that the objective purpose of the contractual restrictions was to prevent Ms. Millen from setting up a competing business using her name which could cause confusion and detriment to the goodwill of the Karen Millen name vis-à-vis the Karen Millen business (that was sold in 2004).

For designers and creatives, careful thought should be given to how you use

your name and if you're setting up your own business, you may want to consider choosing a brand name that is different to your own name. This will ensure that the goodwill associated with your business accrues in this brand name, rather than in your personal name. For designers and business owners considering a sale of their business which features their name, it is important to consider the scope and enforceability of any restrictions placed on you and the use of your name going forward after the sale, particularly in light of any future plans that you might have.

Also, if you join the creative department of an established brand, you should be mindful of letting your name be used as a trade mark for your designs created for your employer as, unless you protect your position contractually, there is a risk that this could present issues if you later want to go out on your own and set up your own fashion brand under your own name. Many creative directors of established brands have gone on to build their own brands and the more control you retain over your name, the easier this transition will be. ■

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is also the name of the designer who founded the brand, the purchaser will often seek to ensure that the designer cannot, after selling their business (along with the name and goodwill), start a new potentially competing label under their own name. This is because this would effectively divert the goodwill in their name away from the business that was sold.

In 2004, Karen Millen, the individual behind the Karen Millen brand, sold her business to an Icelandic consortium. Unsurprisingly, the purchase documentation

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